

Southwest Florida Regional Economic Indicators

November 2010



Regional Economic Research Institute

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Introduction

The U.S. Bureau of Economic Analysis (BEA) provided some good news for the U.S. economy revising upward the third quarter GDP growth rate to 2.5 percent. The hope is that the economy will continue to strengthen over the next year. The Federal Reserve has decided to purchase \$600 billion of longer-term treasury securities to guard against deflation and to give the economy a further boost. Real U.S. disposable personal income and consumption expenditures increased by 0.3 percent in October. The Conference Board's U.S. index of leading indicators increased by 0.5 percent in October. The Florida consumer confidence index provided by the University of Florida increased by six points from 68 to 74 indicating that confidence in the economy continues to improve. The U.S. economy and the Southwest Florida economy in particular continue to work through the systemic problems related to the housing bubble and banking crisis. The recovery to more normal employment levels is expected to take several years.

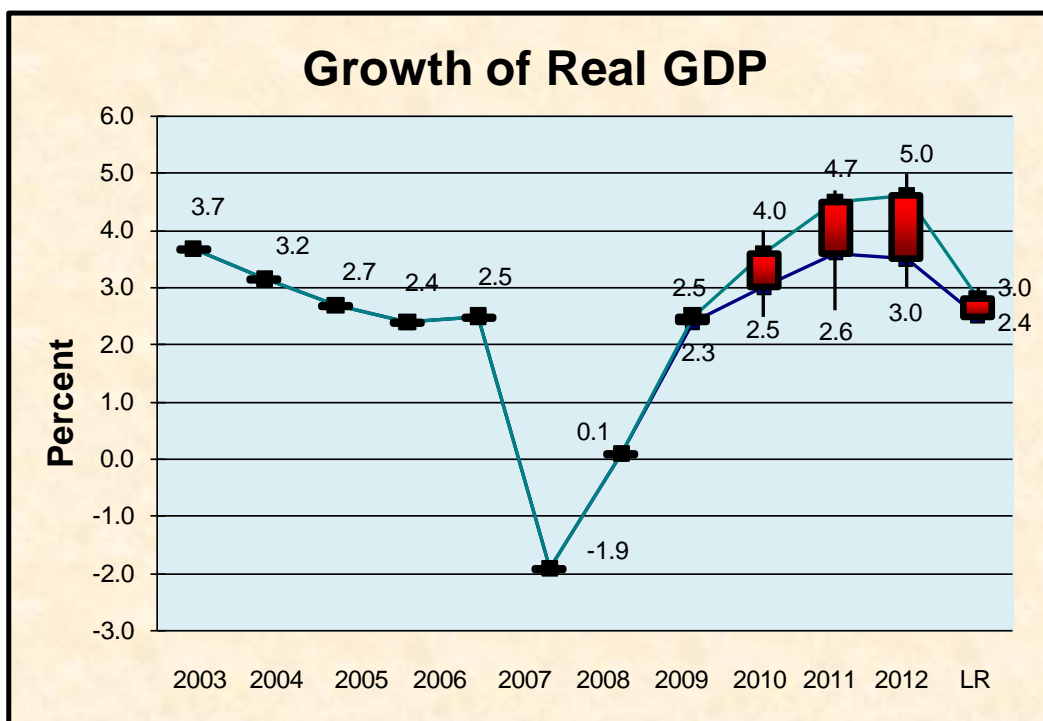
The latest release of The Federal Reserve's Open Market Committee (FOMC) was issued on November 3rd and is summarized as follows:

- The pace of recovery in output and employment continues to be slow;
- Household spending is increasing gradually, but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit;
- Business spending on equipment and software is rising, though less rapidly than earlier in the year;
- Investment in non-residential structures continues to be weak and employers remain reluctant to add to payrolls;
- Housing starts continue to be depressed;
- Longer-term inflation expectations have remained stable, but measures of underlying inflation have trended lower in recent quarters;
- A gradual return to higher levels of resource utilization in a context of price stability is anticipated;
- To promote a stronger pace of economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided to expand its holdings of securities. In addition to reinvesting principal payments from its securities holdings, the Federal Reserve System intends to purchase a further \$600 billion of longer-term treasury securities by the end of the second quarter of 2011, a pace of about \$75 billion per month.
- The target range for the federal funds rate at 0 to ¼ percent will be maintained and it is anticipated that economic conditions are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

The next meeting of the FOMC is planned for December 14, 2010.

A new FMOEC economic forecast was released with the November minutes and is shown in the following "box and whiskers" charts. The red boxes are the central tendency forecast and the full range of uncertainty is reflected in the whiskers, or vertical lines.

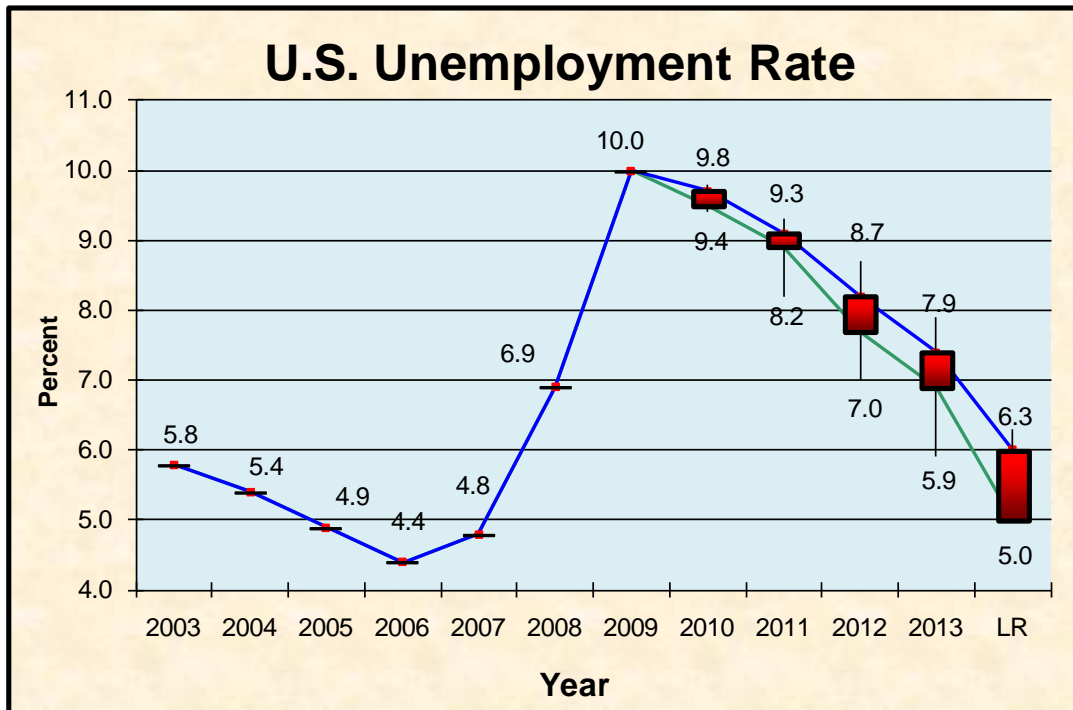
The chart below shows recovery starting in 2010, but it will be several years before the economy returns to a more normal long-run trend ("LR"). Real GDP growth projections for 2010, 2011, 2012, and 2013 show a recovery but there remains considerable uncertainty as to how strong the recovery will be, as shown by the wide range of forecasts. For 2010, the range is 2.3 to 2.5 percent growth in GDP with a central tendency range (red bar) of 2.4 to 2.5 percent. For 2011, the projected Real GDP growth range is 2.5 to 4.0 percent with a central tendency of 3.0 to 3.6 percent. For 2012, the overall projected range is 2.6 to 4.7 percent with a central tendency range of 3.6 to 4.5 percent growth. For 2013, the overall projected range is 3.0 to 5.0 percent with a central tendency range of 3.5 to 4.6 percent growth. The long-run trend for Real GDP has a range of 2.4 to 3.0 percent growth with a central tendency of 2.5 to 2.8 percent. The real GDP growth rates are based on the change from the fourth quarter of one year to the fourth quarter of the next year.



Source: Minutes of the Federal Open Market Committee, November 2-3, 2010

As shown in the chart below, national unemployment in 2010 is expected to be slightly lower than 2009, but will remain historically high, in a range of 9.4 to 9.8 percent, with a central tendency (red bar) of 9.5 to 9.7 percent. For 2011, the unemployment rate is expected to be lower in a range of 8.2 to 9.3 percent with a central tendency of 8.9 to 9.1 percent. In 2012, the unemployment range is forecast to be between 7.0 and 8.7 percent with a central tendency of 7.7 to 8.2 percent. For 2013, the overall projected range for the national unemployment rate is 5.9 to 7.9 percent with a central tendency range of 6.9 to 7.4 percent. Long-run unemployment is expected to be in a range of 5.0 to 6.3 percent with a

central tendency of 5.0 to 6.0 percent. The projections for unemployment are for the fourth quarter of each year.



Source: Minutes of the Federal Open Market Committee, November 2-3, 2010

For October, all five counties in Southwest Florida reported unemployment rates lower than those of September (see page 16). This is consistent with a recent Manpower survey indicating that Lee County firms are planning to add jobs this fall. Overall, recovery from this deep and severe recession is expected to take several years.

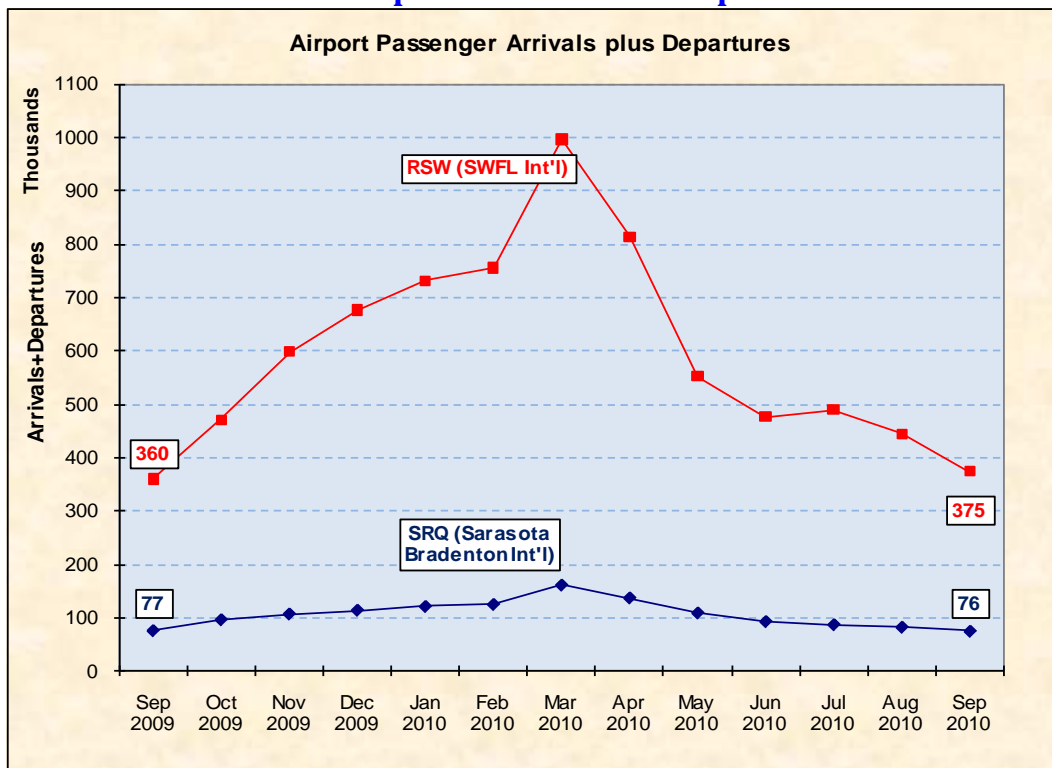
The Regional Economic Research Institute (RERI) is continuing to develop the regional economic database and this report, as a way to support its mission and assist the region. We recently added a Florida Consumer Confidence Index chart based on information collected by the Bureau of Economic and Business Research (BEBR) at the University of Florida and we have included trend line data for the US Index of Consumer Sentiment, based on surveys conducted by the University of Michigan. The Institute continues to welcome suggestions from our readers, and would like to emphasize our appreciation of, and thanks to, our many partners for assistance in obtaining the data. We are grateful to all of you, including the Southwest Florida Regional Planning Council, the Economic Development Organizations of Charlotte, Collier, and Lee Counties, the Convention and Visitors Bureaus of Collier and Lee Counties, the regional airport authorities, and the county and city permit offices.

Airport Activity

Airport passenger activity is defined as the sum of arrivals and departures for Southwest Florida International (RSW) and Sarasota airports and is shown in Chart 1. Southwest Florida International airport is the largest airport in the region, serving national and international destinations. Peak seasonal activity occurs in February, March and April, with significantly lower activity in the summer months. Charts 2, 3, and 4 illustrate the monthly seasonality of airport passenger traffic and the changes from year to year.

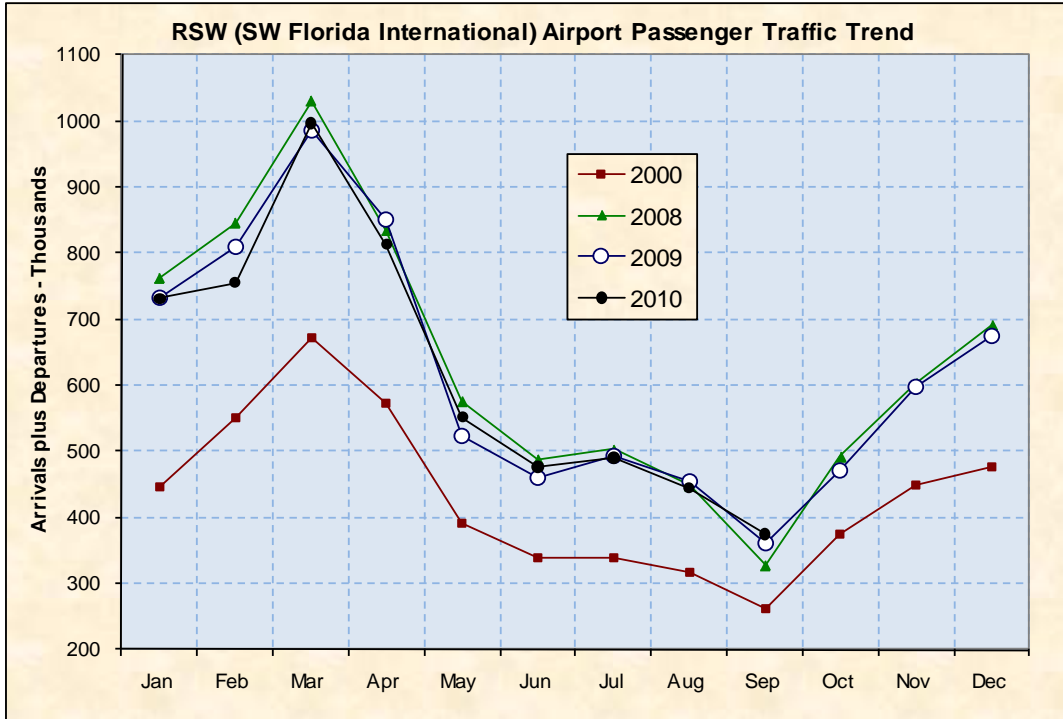
Charts 1 and 2 show RSW airport passenger activity of 374,590 in September 2010, an increase of 4 percent from September 2009 and the most active September since 2007. Sarasota (SRQ) passenger activity amounted to 75,648 in September 2010, down two percent from September 2009 and nine percent below August 2010, as shown in Chart 3. Charlotte County Airport recorded passenger activity of 4,830 in September, a decrease of 13 percent from September 2009. Traffic for the three airports totaled 455,068, representing an increase of three percent from September 2009 and a seasonal decline of 15 percent from August 2010.

Chart 1: Airport Arrivals and Departures



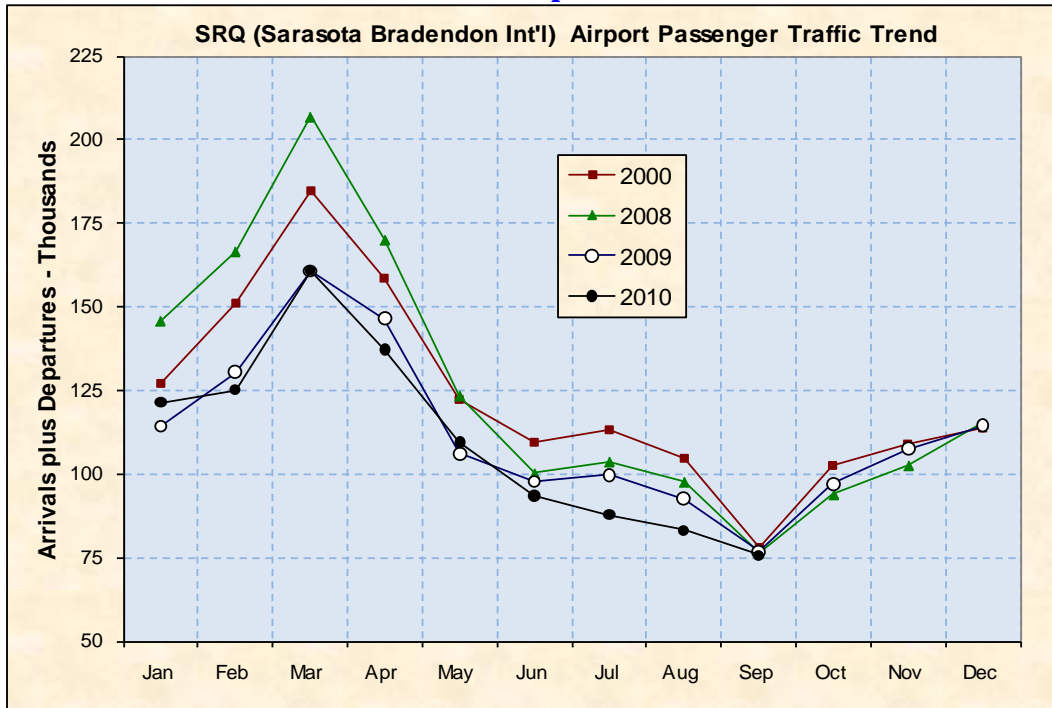
Source: Local Airport Authorities

Chart 2: RSW Traffic Trend



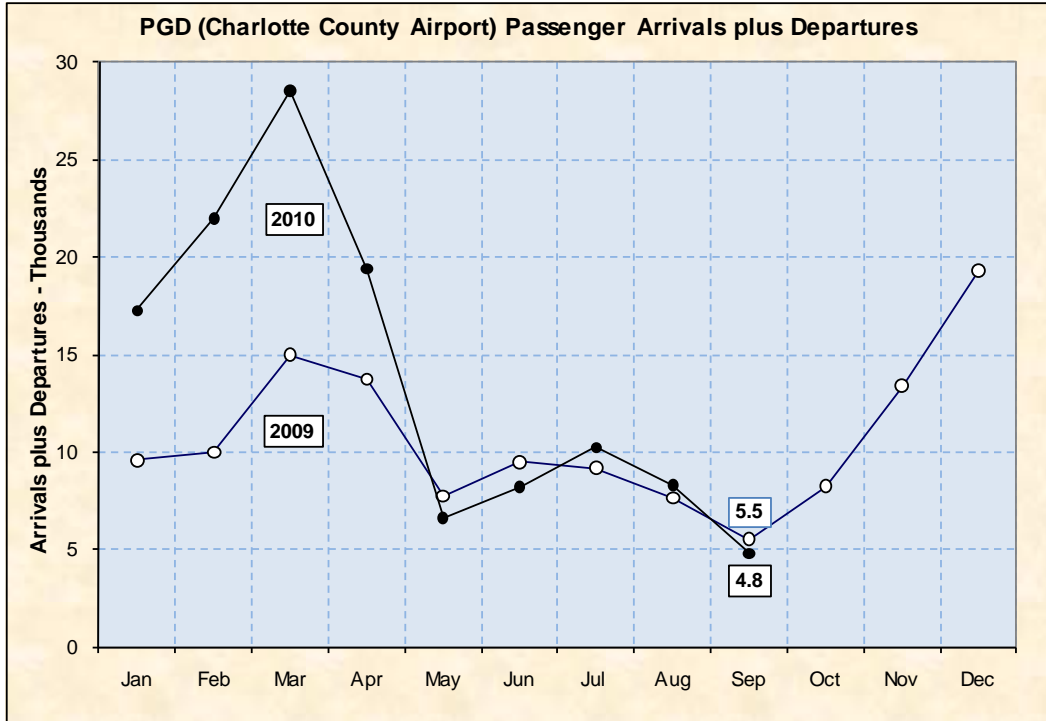
Source: Local Airport Authorities

Chart 3: Sarasota Airport Traffic Trend



Source: Local Airport Authorities

Chart 4: Charlotte County Airport Traffic Trend

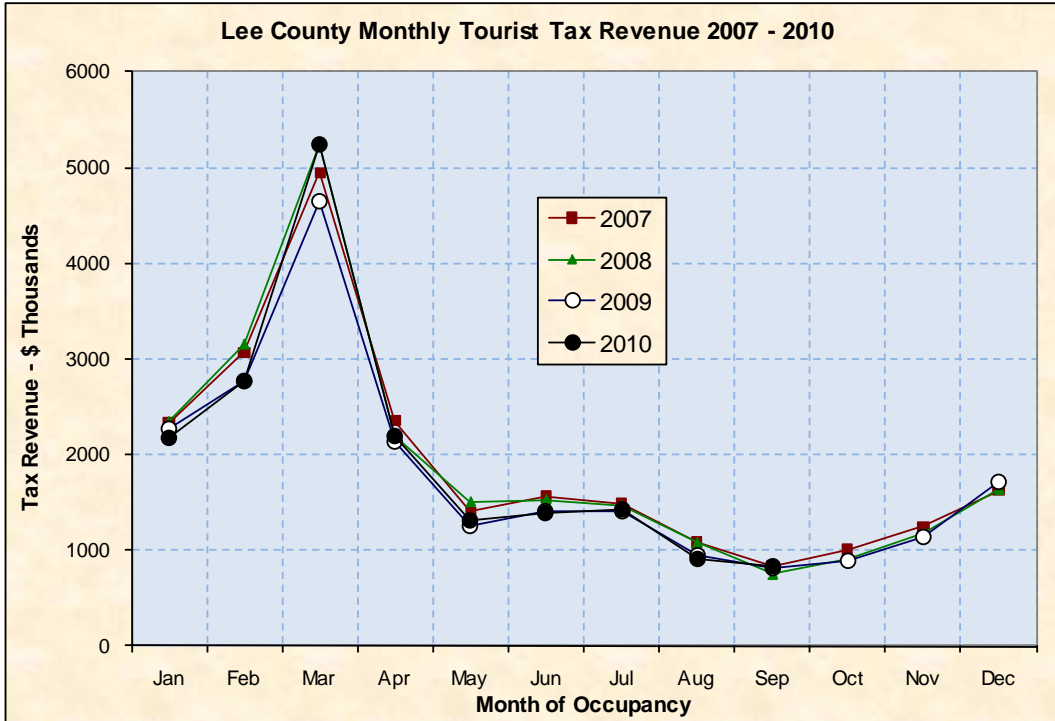


Source: Local Airport Authorities

Tourism Tax Revenues

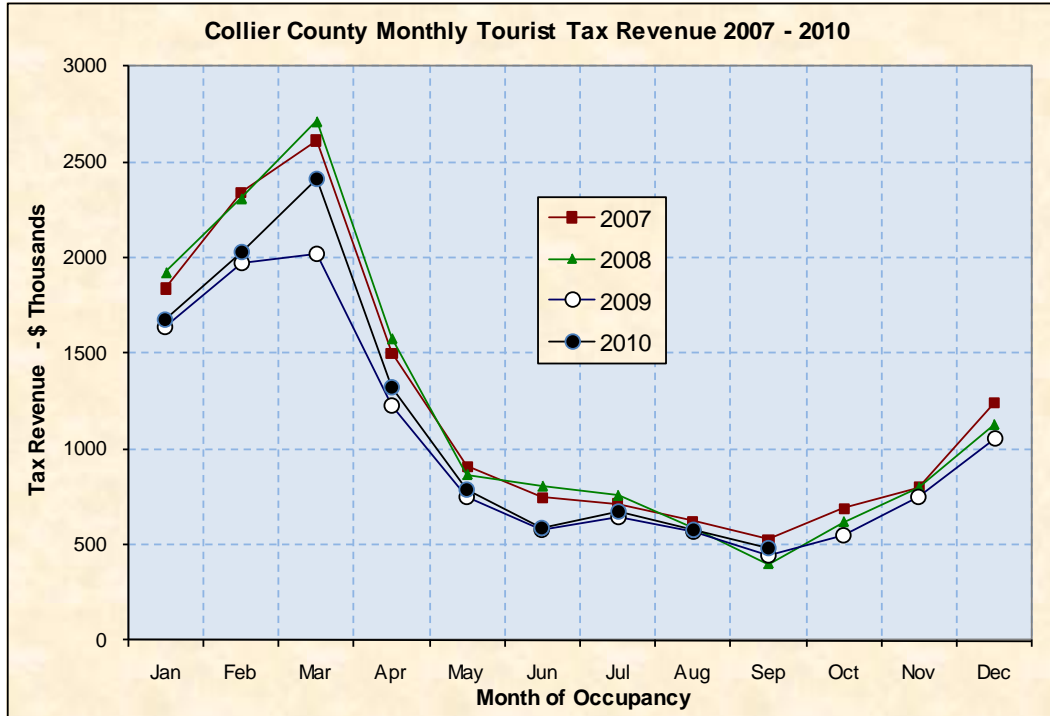
Tourism tax revenues for the region are shown in Charts 5, 6, and 7, and are based on month of occupancy. September tourism tax revenues were \$827,126 for Lee County, \$478,857 in Collier County, and \$57,961 in Charlotte County. Tourism tax revenues for the region showed a 3-percent increase (nearly \$40,000) from September 2009. Lee County showed a 2-percent increase, Collier revenues were up nearly 8 percent, and Charlotte reported a 3-percent decline. Total tourism tax revenues for the three counties experienced a fairly typical 11 percent seasonal decline (\$161,000) from August 2010.

Chart 5: Lee County Tourism Tax Revenues



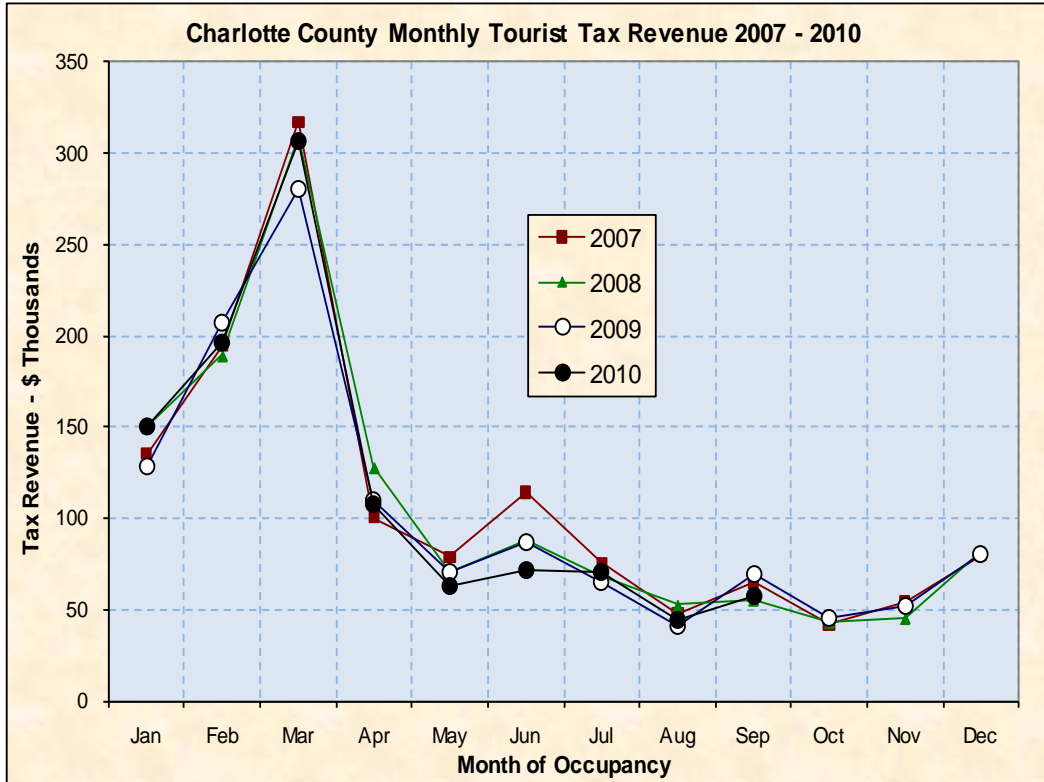
Source: Local County Tourism, Tax, and Economic Development Reports

Chart 6: Collier County Tourism Tax Revenues



Source: Local County Tourism, Tax, and Economic Development Reports

Chart 7: Charlotte County Tourism Tax Revenues

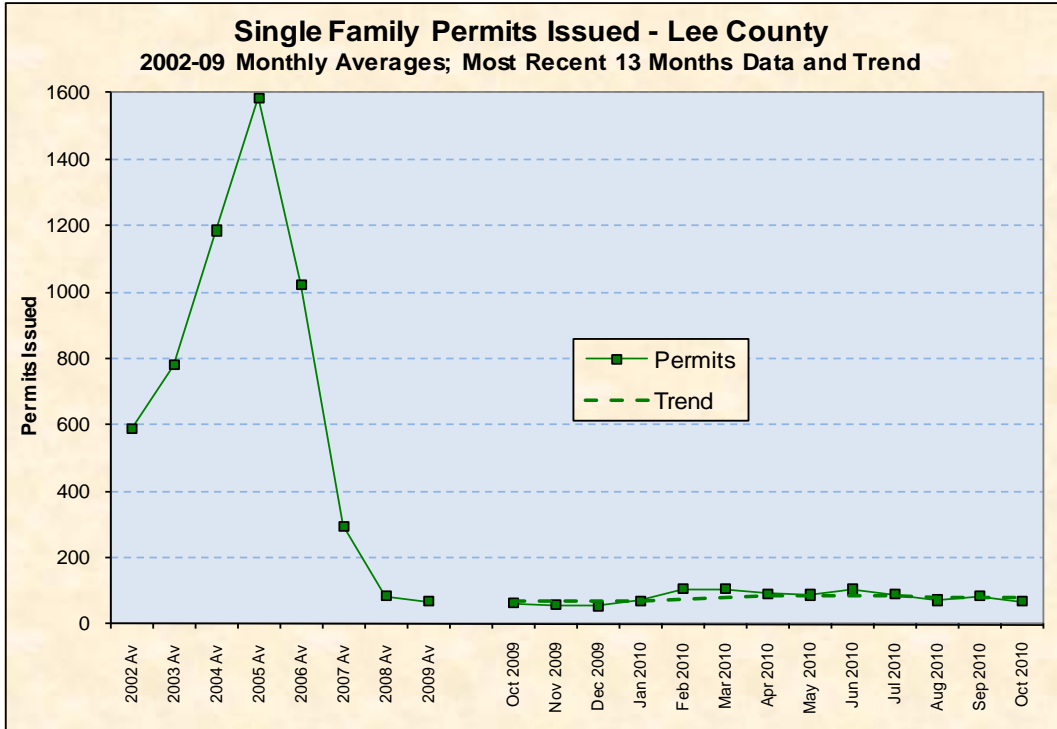


Source: Local County Tourism, Tax, and Economic Development Reports

Single-Family Building Permits

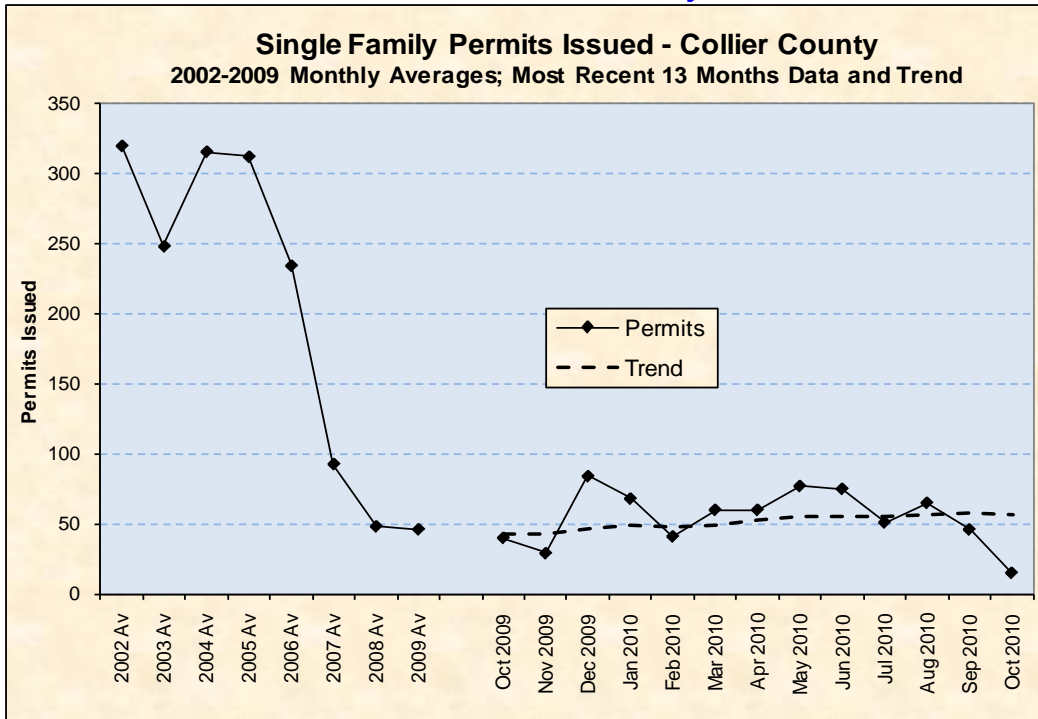
Lee County issued 68 single-family home permits in October 2010, up slightly from 63 in October 2009, as shown in Chart 8; the corresponding figure for the prior month was 84. Single-family home permits for Collier County decreased to 15 in October 2010 from 40 in October 2009, as shown in Chart 9; this represented a decrease from 46 permits issued in September 2010. Charlotte County permits declined to 14 from 38 in October 2009 and from 24 in September 2010, as shown in Chart 10. The September 2010 figures for Collier and Charlotte Counties are well off their 12-month moving averages of 56 and 21, respectively.

Chart 8: Lee County



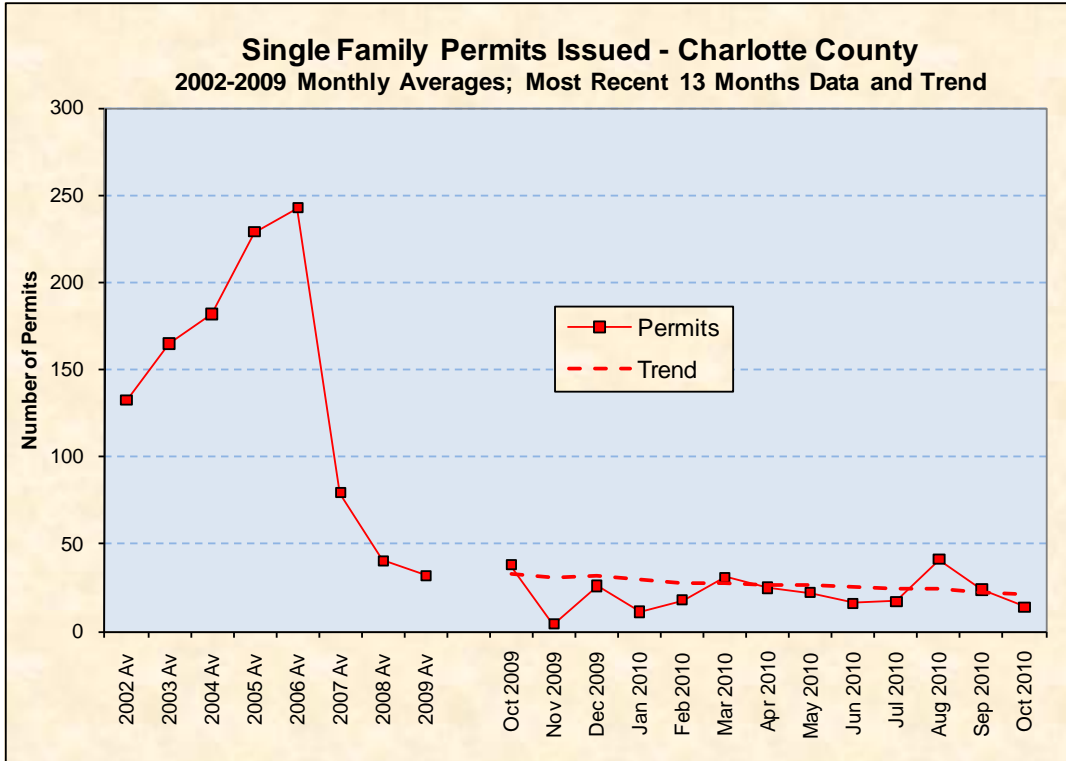
Source: Local Building and Zoning Departments, including Fort Myers, Cape Coral, and Unincorporated Lee County, Bonita Springs and Fort Myers Beach permits.

Chart 9: Collier County



Source: Local Building and Zoning Departments, includes unincorporated Collier County permits only.

Chart 10: Charlotte County



Source: Local Building and Zoning Departments, includes unincorporated Charlotte County permits only.

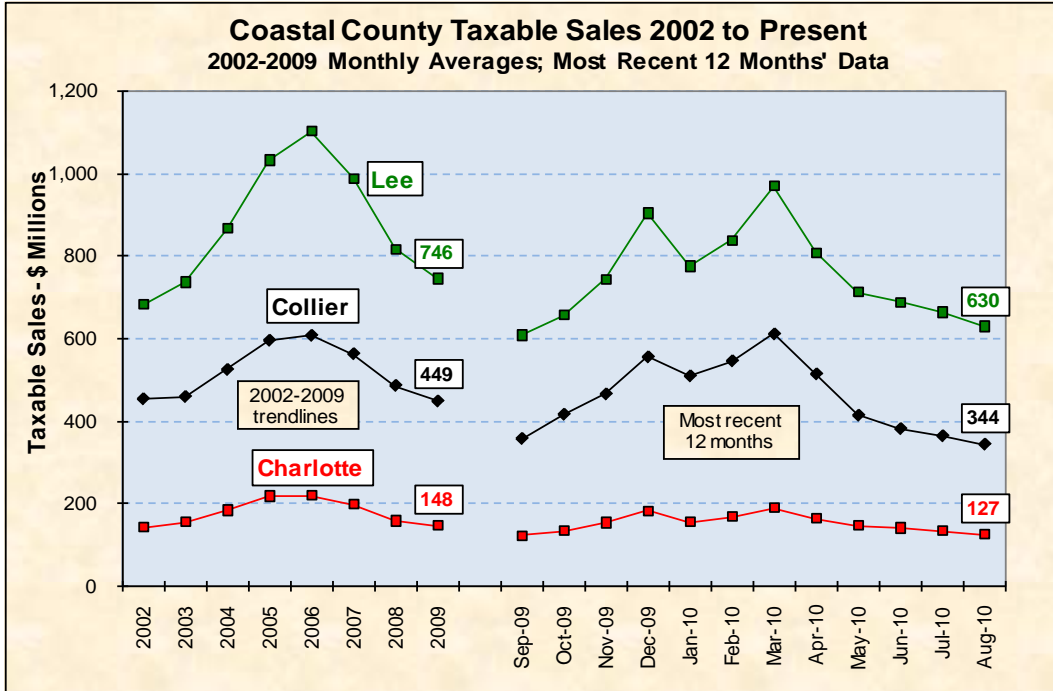
Taxable Sales

Taxable sales figures are used to track consumer spending, an important component of the regional economy. The taxable sales charts show month of collection by the merchant rather than the reporting month issued by the Florida Department of Revenue. Thus, August is the latest collection month plotted on the following charts.

Total taxable sales for the 5-county region in August 2010 showed a seasonal five-percent decrease from the prior month of July, and a decrease of less than one-half percent from August 2009. Taxable sales for the Coastal Counties are shown in Chart 11. Charlotte County reported taxable sales of \$126.9 million in August 2010, nearly equal to the August 2009 figure. Lee County taxable sales amounted to \$629.7 million in August 2010, a one-percent increase from August 2009. Collier County's taxable sales were \$344.3 million in August 2010, a three-percent decrease from August 2009. For each of the coastal counties, Charts 13, 14, and 15 show the trends in the percentage change in taxable sales from the same month a year earlier.

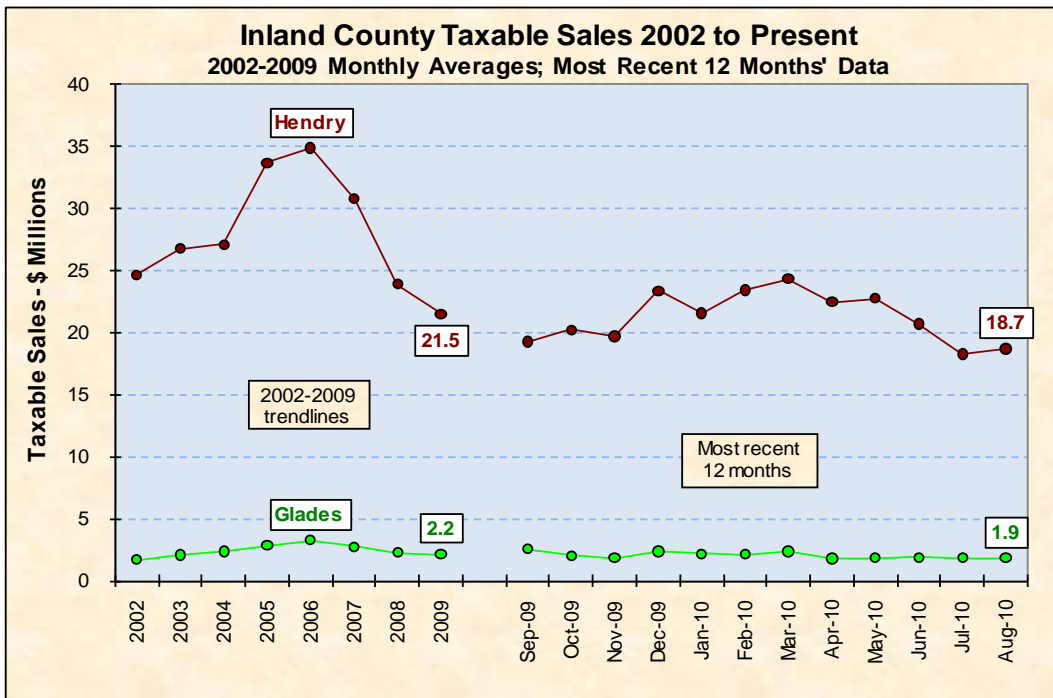
Chart 12 shows taxable sales for Glades and Hendry Counties on a scale that differs from that of Chart 11. Glades County reported August 2010 taxable sales of \$1.9 million, a nine-percent decline from the same month one year ago. Hendry County's taxable sales of \$18.7 million were one percent higher than a year ago.

Chart 11: Taxable Sales for Coastal Counties



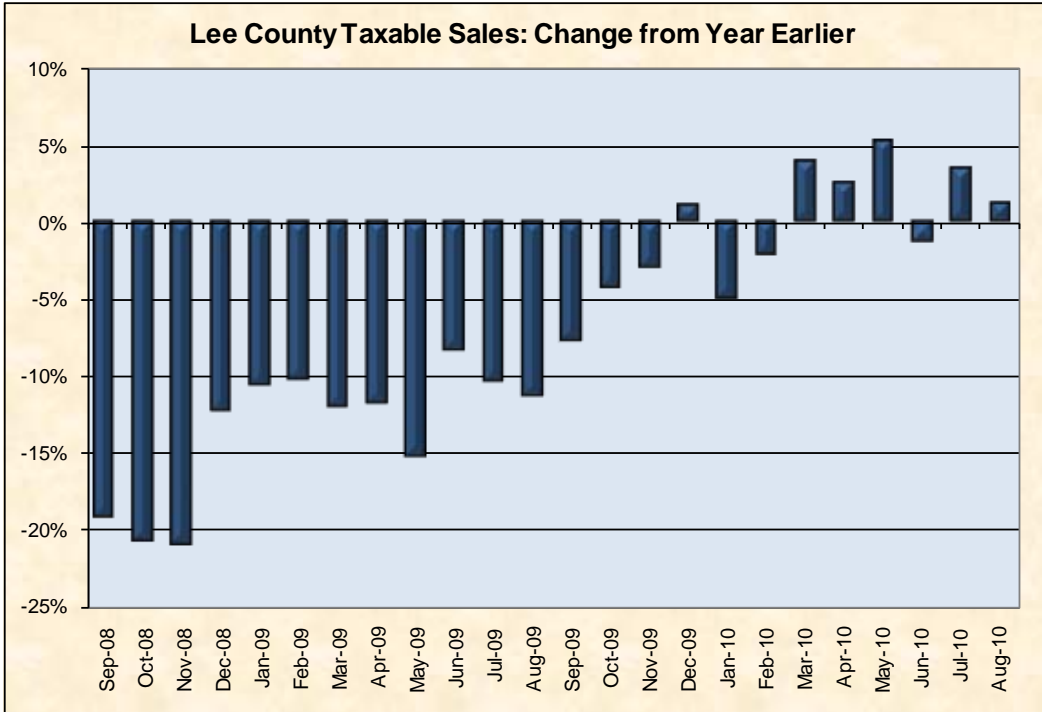
Source: Florida Department of Tax Research

Chart 12: Taxable Sales for Inland Counties



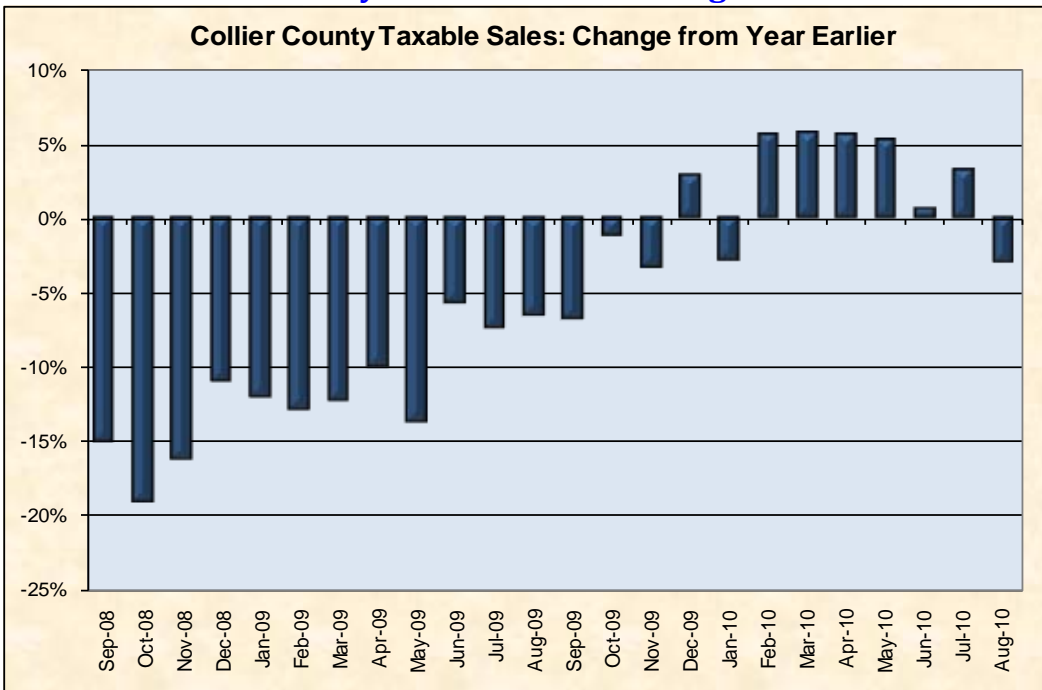
Source: Florida Department of Tax Research

Chart 13: Lee County Taxable Sales - Change from a Year Earlier



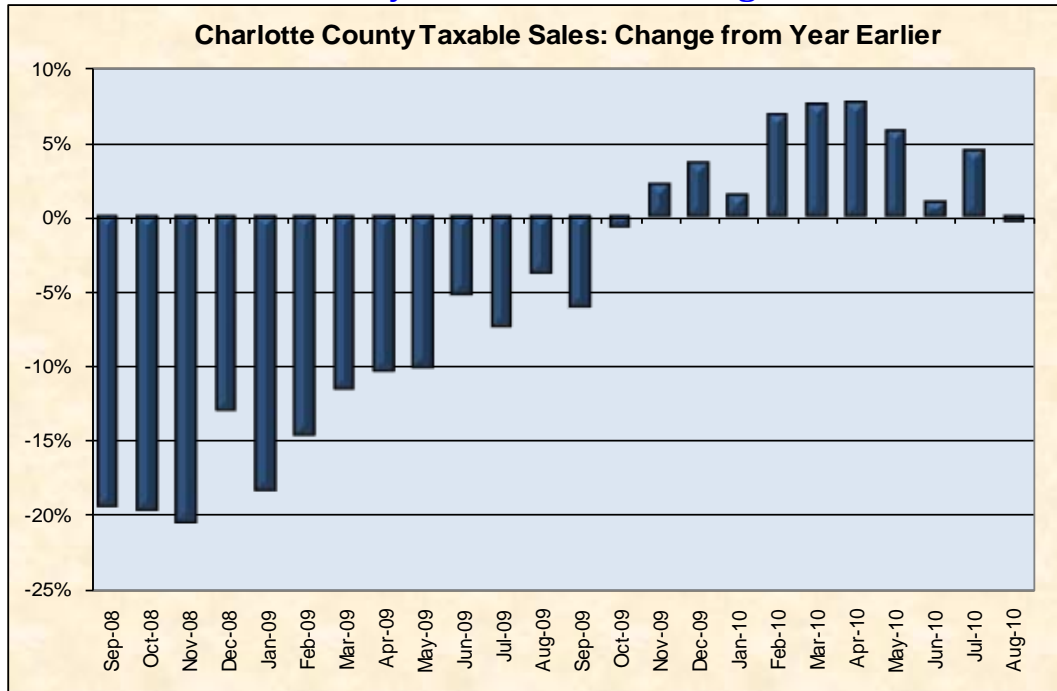
Source: Florida Department of Tax Research

Chart 14: Collier County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Tax Research

Chart 15: Charlotte County Taxable Sales - Change from a Year Earlier



Source: Florida Department of Tax Research

Workforce – Unemployment

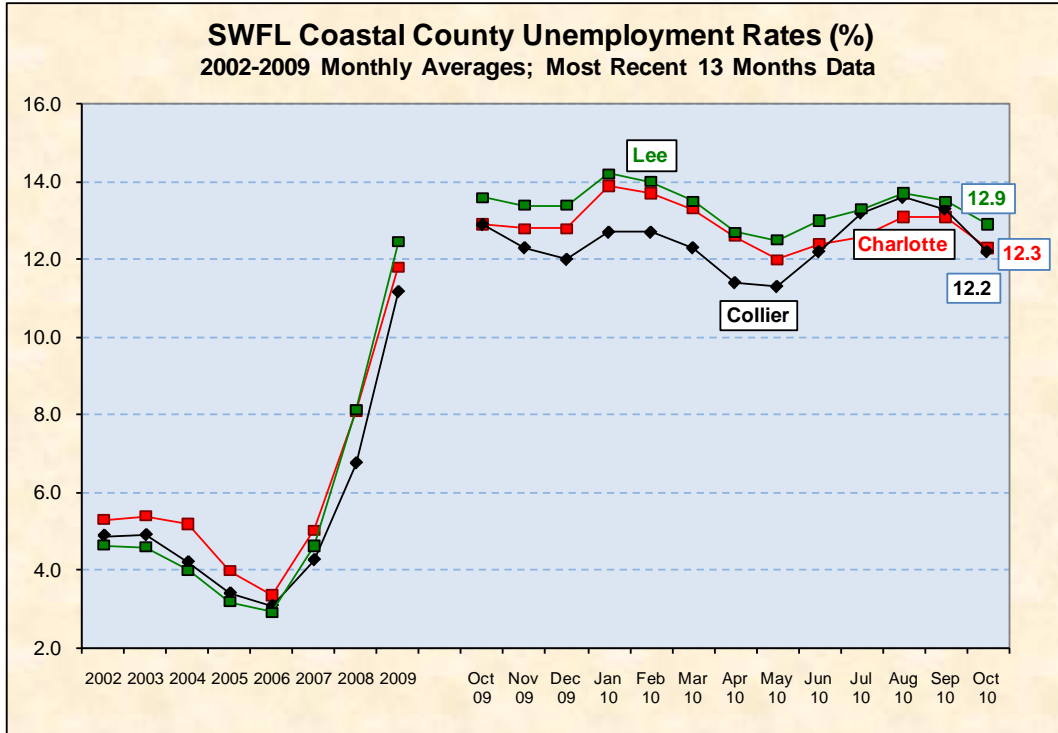
Although remaining historically high, unemployment rates across the region declined somewhat in October. Chart 16 shows coastal county average unemployment rates by year from 2002 to 2009, as well as monthly unemployment rates over the last 13 months. Charlotte County's unemployment rate dipped from 12.9 percent a year ago and 13.1 percent in the prior month, to 12.3 percent in October 2010. Lee County's unemployment rate decreased from 13.6 percent in October 2009 and 13.5 percent in September to 12.9 percent in October 2010. Collier County's unemployment rate decreased from 12.9 percent in October 2009 and 13.3 percent in September 2010 to 12.2 percent in October 2010.

As shown in Chart 17, Hendry County's unemployment rate declined from 19.9 percent in September 2010 to 18.3 percent in October, while Glades County's unemployment also decreased, from 13.1 percent in September 2010 to 11.8 percent in October. Four of the five counties in Southwest Florida now report unemployment rates below 13.0 percent.

Florida's unemployment rate was reported at 11.6 percent in October 2010, down from 12.1 percent in the previous month and comparable to the 11.5 percent of a year earlier. The national unemployment rate dropped as well, to 9.0 percent in October 2010 from 9.5 percent in October 2009 and 9.2 percent in September 2010. Unemployment rates reported in this report are not seasonally adjusted unless otherwise noted.

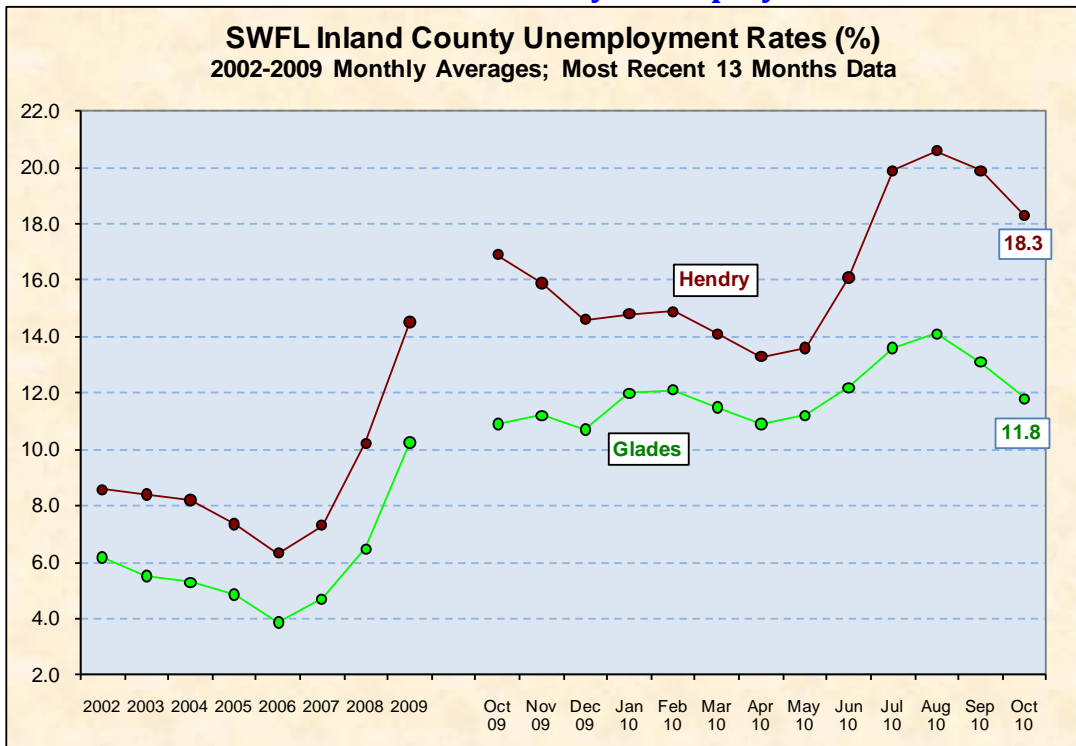
Unemployment rates above five or six percent generally reflect cyclical unemployment and a slowdown of the economy from long-run trends. The forecast for unemployment levels continues to be based on a very slow and gradual decline through 2014.

Chart 16: Coastal County Unemployment



Source AWI

Chart 17: Inland County Unemployment



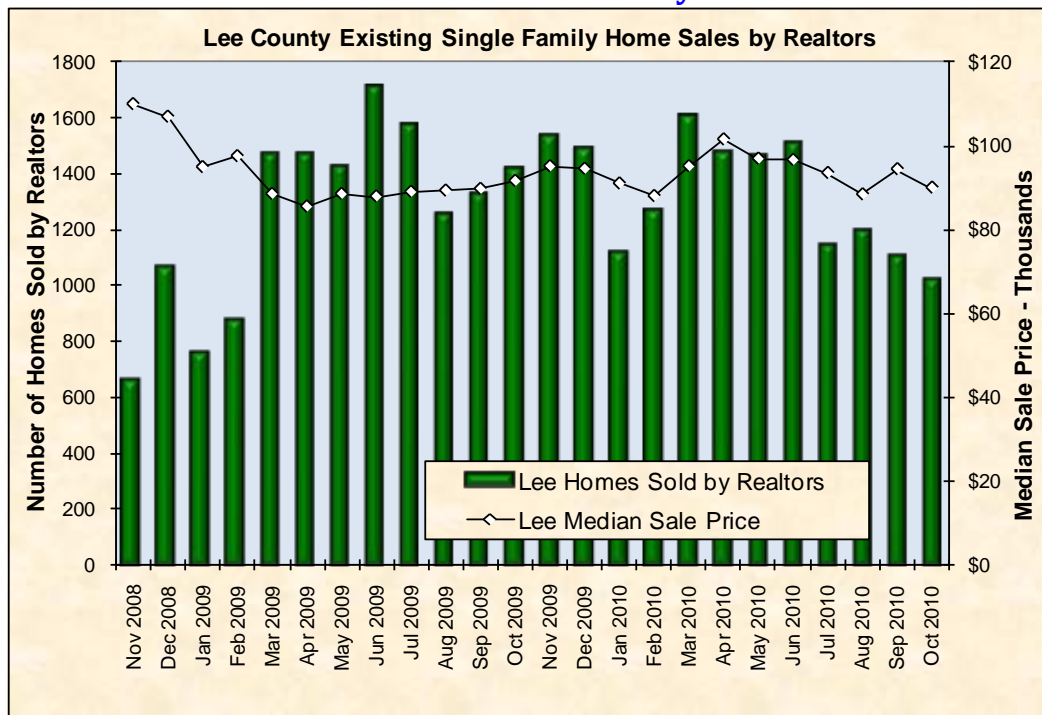
Source AWI

Sales of Single-Family Existing Homes and Median Sales Prices

REALTOR sales of existing single-family homes in Lee, Collier, and Charlotte Counties decreased in October 2010 from both the previous month and from the prior year. Lee County had sales of 1,016 single-family homes at a median price of \$90,000 in October, compared to sales of 1,102 and a median price of \$94,400 in the previous month, as shown in Chart 18. Collier County's existing single-family REALTOR sales were 233 in October 2010, down from 265 in August, and accompanied by an increase in the median price from \$173,000 to \$215,000, as shown in Chart 19. Charlotte County's existing single-family home sales declined from 241 in September 2010 to 222 in October, with a median price increase from \$90,900 to \$96,200, as shown in Chart 20. Compared to October 2009, sales for Lee and Collier County were both down 28 percent while Charlotte sales declined by seven percent.

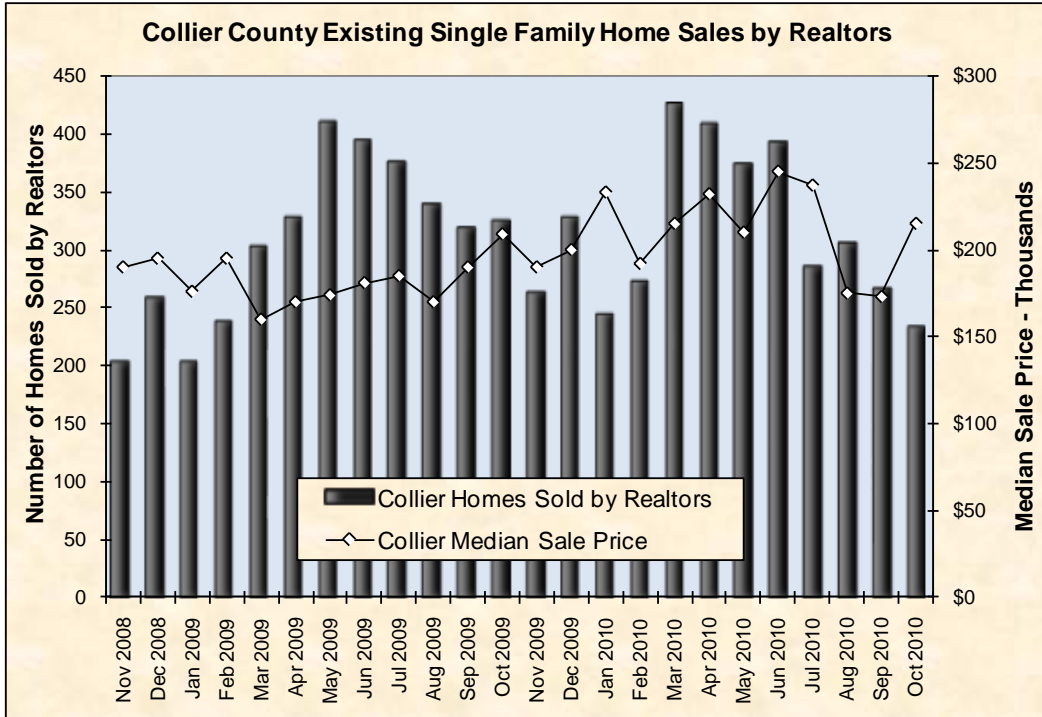
Total sales for the three counties showed a decrease of nine percent (139 homes) from the prior month and a 26-percent (505 homes) decline from October 2009.

Chart 18: Lee County



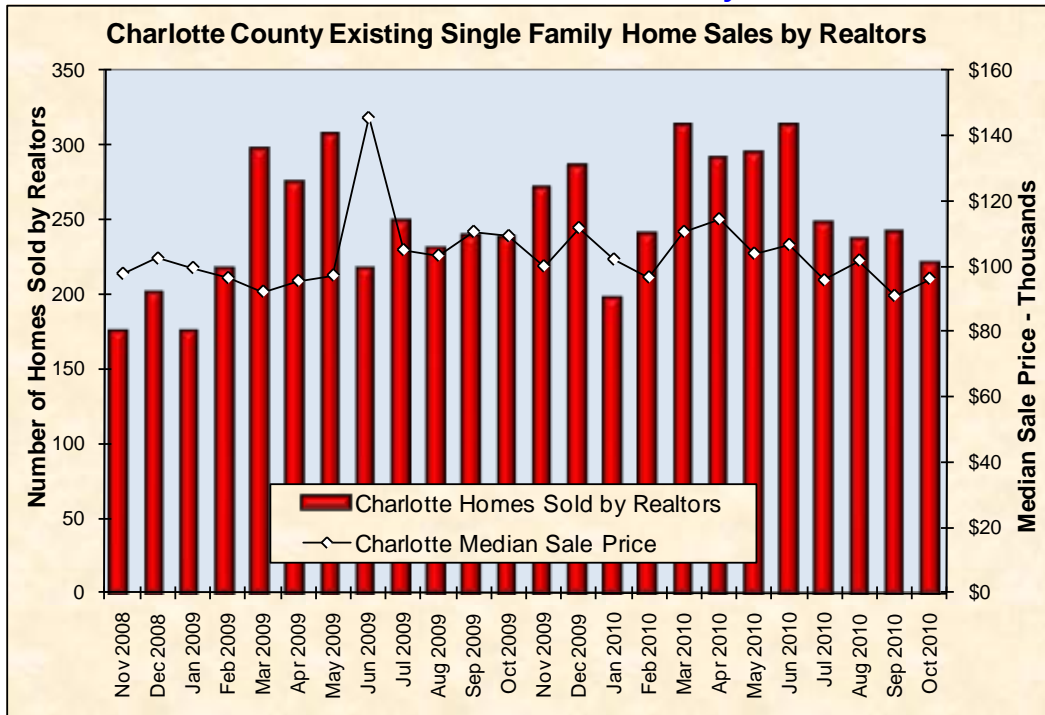
Source: Florida Realtors® Fort Myers – Cape Coral MSA <http://media.living.net/statistics/statisticsfull.html>

Chart 19: Collier County



Source: Naples Area Board of Realtors® (NABOR) www.naplesarea.com

Chart 20: Charlotte County

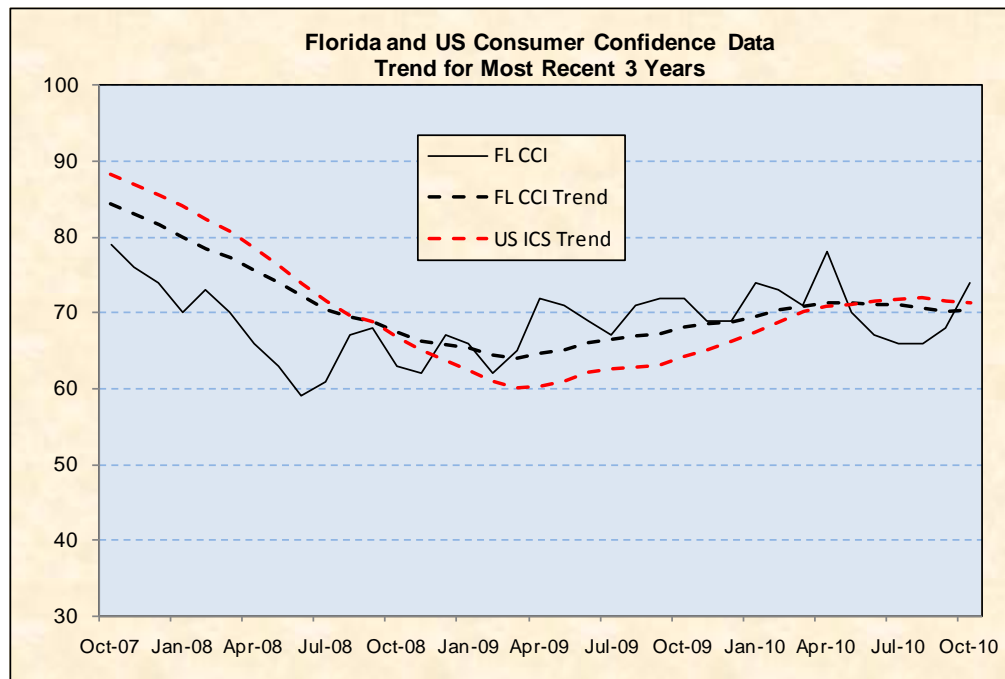


Source: Florida Realtors® Punta Gorda, Florida MSA ; <http://media.living.net/statistics/statisticsfull.html>

Consumer Confidence Index

The Florida Consumer Confidence Index measures the attitudes of Florida residents regarding their personal finances and the outlook for the future. Chart 21 shows this monthly data for the last three years, as well as 12-month moving average trend lines for the Florida Consumer Index and for the United States Consumer Sentiment Index reported by Thomson Reuters/University of Michigan. While the indices tend to correlate fairly well, the impact of the Gulf Oil spill has been clearly seen in the Florida CCI since this spring. The Florida index increased by six points in October to 74 indicating an improvement in consumer confidence.

Chart 21: Florida:Consumer Confidence Index

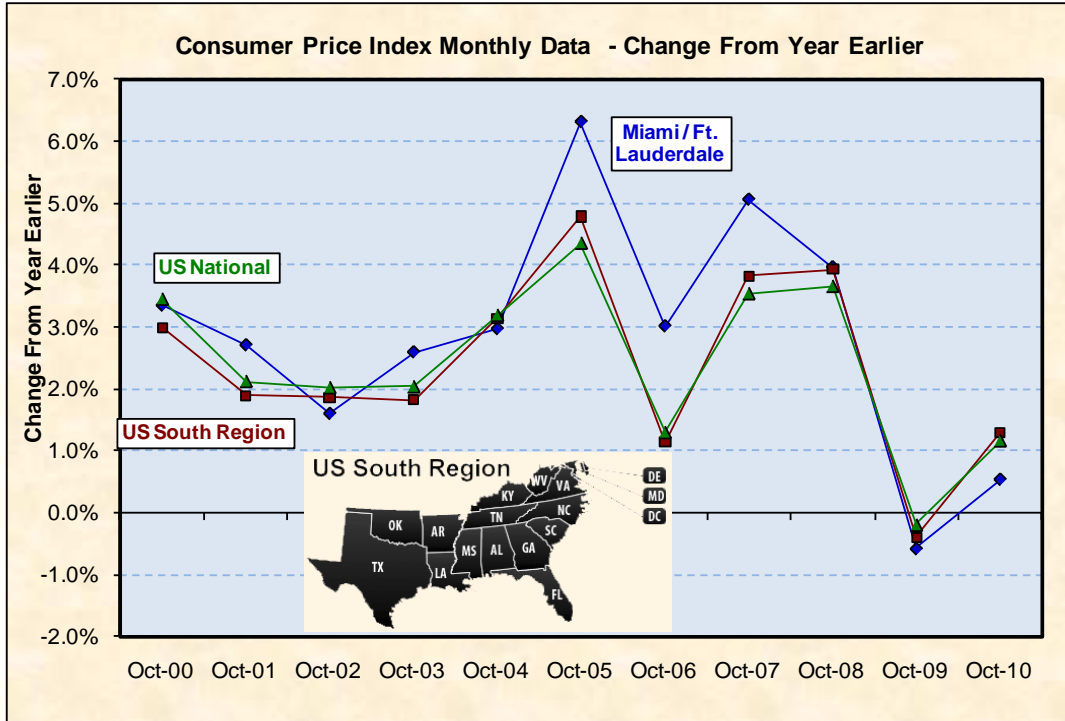


Source: Bureau of Economic and Business Research, University of Florida

Consumer Price Index

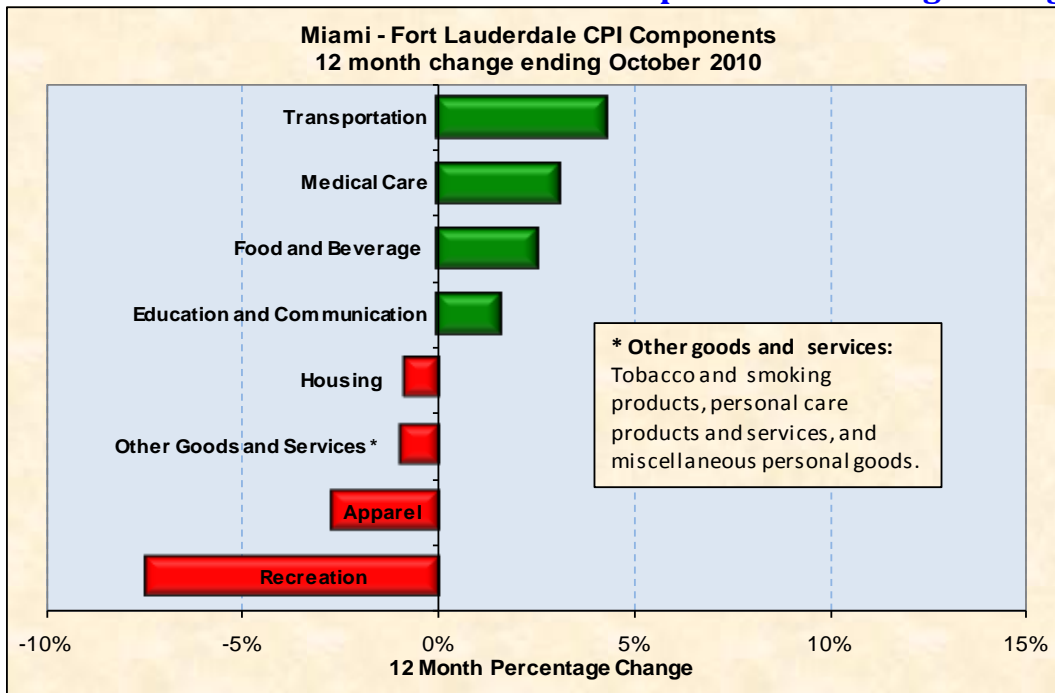
Consumer price indices (CPI) for the nation, the region, and the Miami-Fort Lauderdale area are shown in Chart 22. The Miami-Fort Lauderdale area CPI is collected every two months and is the closest reporting location to Southwest Florida. From October 2009 to October 2010, the National CPI rose 1.2 percent, the South Region CPI increased 1.3 percent, and the Miami-Fort Lauderdale area CPI rose 0.5 percent. These data reflect a continuation of relatively low inflation.

Chart 22: CPI Annual Percentage Change



The Miami-Fort Lauderdale Consumer Price Index for the 12 months ending October 2010 is broken down into its components, as shown in Chart 23. Recreation, apparel, other goods and services, and housing costs showed declines over the past 12 months. The transportation, medical, food and beverage, and education and communication components increased over October 2009.

Chart 23: Miami-Fort Lauderdale CPI Component Percentage Change

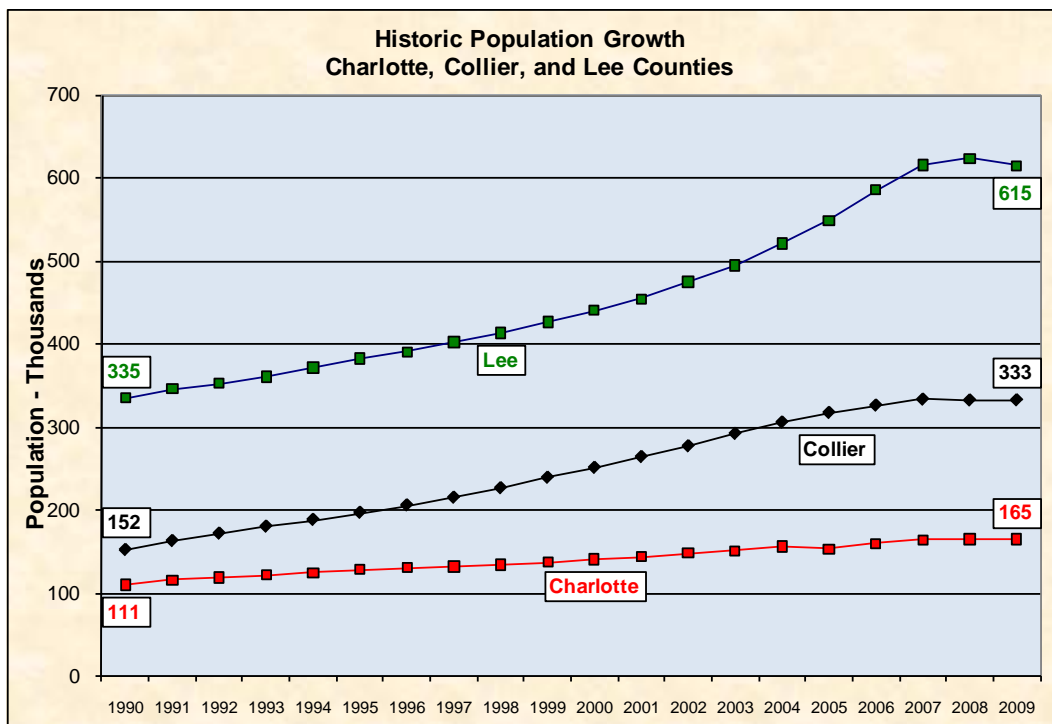


Population

As reported previously, the following charts reflect the most recent county population forecasts released by the Florida Office of Economic & Demographic Research (EDR). Population growth from 1990 to 2009 is shown in Charts 24 and 25. Collier County grew at an average annual compound growth rate of 4.2 percent from 1990 to 2009. Lee County's population grew at an annual rate of 3.3 percent. Charlotte, Glades, and Hendry Counties had average annual rates of population growth between 2.1 and 2.5 percent per year.

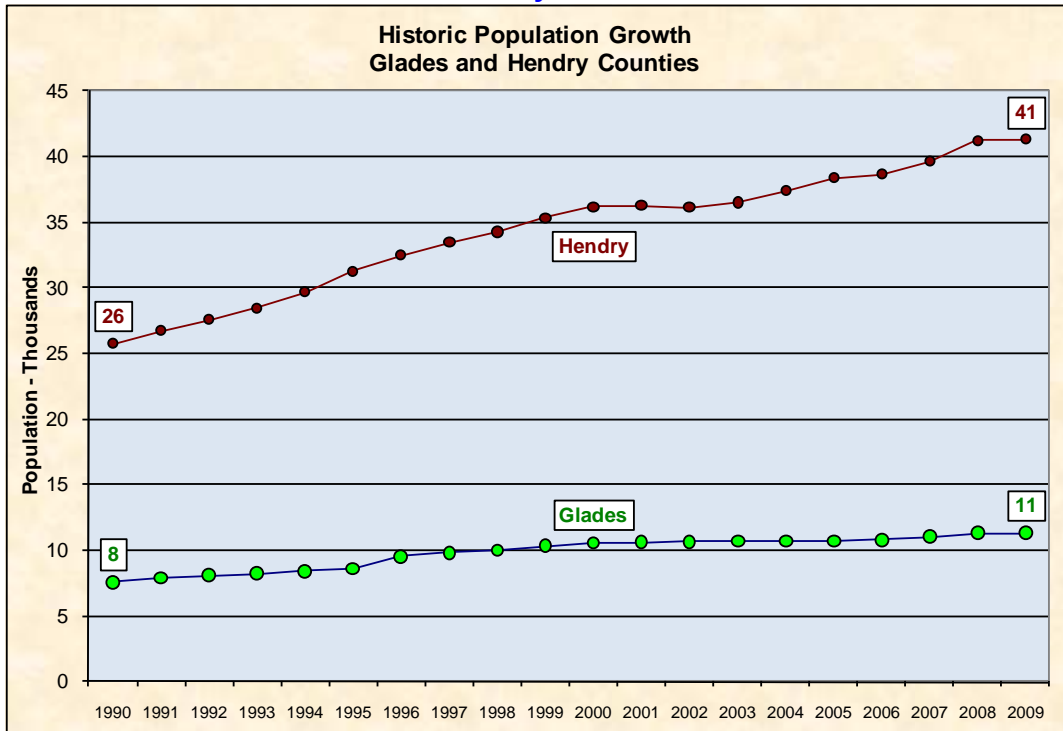
Chart 26 and its accompanying table show projected population increases from 2010 to 2030. The overall rate of regional growth averages 1.9 percent per year for this period, resulting in a 20-year increase of 46 percent.

Chart 24: Coastal Counties Growth 1990 to 2009



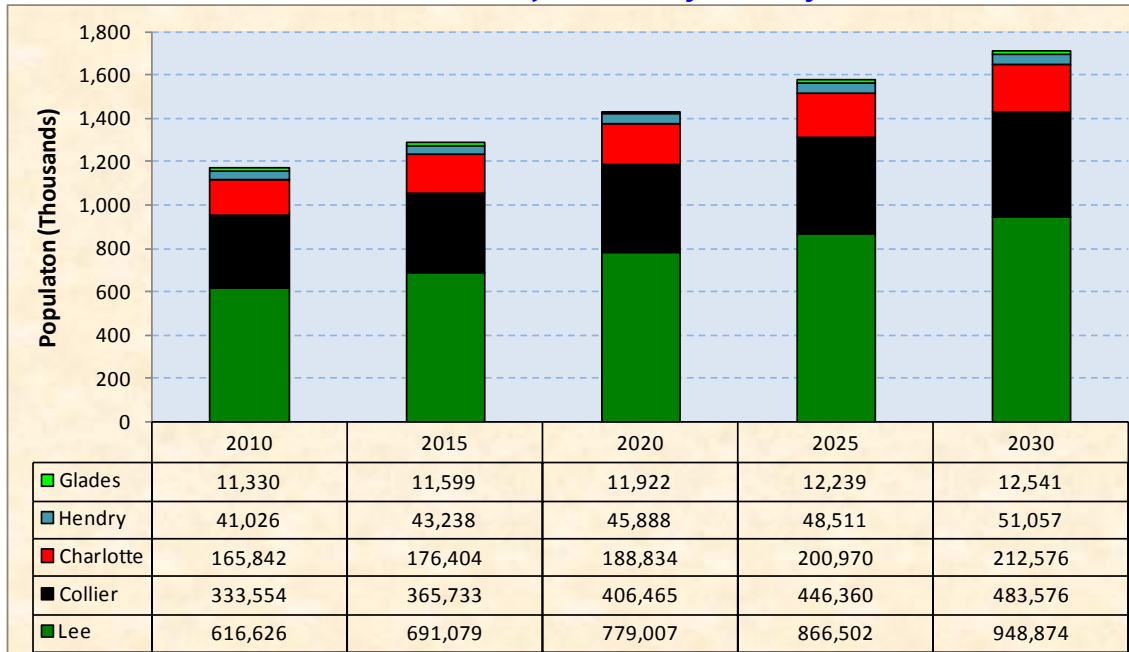
Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 25: Inland County Growth 1990 to 2009



Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010

Chart 26: Projections by County



Source: Florida EDR: Florida Demographic Estimating Conference, January 2010 and the Florida Demographic Database, August 2010